OPAP International Limited

Report and financial statements
31 December 2012

Contents

OPAP International Limited

Board of Directors and other officers

Board of Directors

Constantinos Louropoulos (President) (appointed 7 August 2012)
Epaminondas Lekeas (appointed 19 September 2012)
Theofanis Moustakatos (appointed 19 September 2012)
Nikolaos Pavlias
Venetsanos Rogkakos
Grigorios Felonis (appointed 21 September 2012)
Ioannis Spanoudakis (resigned 7 August 2012)
Panagiotis Vrioni (resigned 19 September 2012)
Nikolaos Sofokleous (resigned 19 September 2012)
Asterios Lachanas (resigned 21 September 2012)

Company Secretary

Elena Pantziarou

Registered office

128-130 Limassol Street
2015 Strovolos
Nicosia

Auditors

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus
Telephone: + 357 - 22555000
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OPAP International Limited

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

2 The principal activity of the Company is the provision of consultancy services wholly and exclusively regarding the operation of the game "Pame Stoixima". More specifically, the services relate to the co-operation for the operation of betting, the evaluation of the betting products, the configuration of the betting outcome, the risk assessment, the transfer of the know-how, trading and infocasting services. The objective of the Company is the acquisition of all investments and business activities of OPAP S.A outside Greece.

Change of registered office

3 On 28 March 2012 the Company moved its registered office from the 58 Likavitou Street, Egkomi, 2401 Nicosia to 128-130 Limassol Street, Strovolos, Nicosia.

Review of developments, position and performance of the Company's business

4 The loss of the Company for the year ended 31 December 2012 was €95.418 (2011: loss of €8.628.158). On 31 December 2012 the total assets of the Company were €2.268.101 (2011: €1.834.328) and the net assets were €1.867.358 (2011: net liabilities €4.364.224). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

5 The principal risks and uncertainties faced by the Company are disclosed in Note 3 of the financial statements.

Future developments of the Company

6 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Results

7 The Company's results for the year are set out on page 7.
The loss for the year is carried forward.

OPAP International Limited

Report of the Board of Directors (continued)

Share capital

8 During the year the Company issued 3.700.000 shares of 1,71 euro each, with total value of € 6.327.000. The issue was made in order to achieve the better management of the Company's liabilities and the repayment of the loan to OPAP (Cyprus) Limited.

Board of Directors

9 The members of the Board of Directors at 31 December 2012 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2012, except Mr. Constantinos Louropoulos, who was appointed as President on 7 August 2012, Mr. Epaminondas Lekeas, who was appointed as Director on 19 September 2012, Mr. Theofanis Moustakatos who was appointed as Director on 19 September 2012 and Mr. Grigorios Felonis who was appointed as Director on 21 September 2012. Mr. Ioannis Spanoudakis who was President at 1 January 2012 was resigned on 7 August 2012. Mr. Panagiotis Vrionis who was Director at 1 January 2012 was resigned on 19 September 2012. Mr. Nikolaos Sofokleous who was Director at 1 January 2012 was resigned on 19 September 2012 and Mr. Asterios Lachanas who was Director at 1 January 2012 was resigned on 21 September 2012.

10 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the balance sheet date

11 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Branches

12 The operations of the Company are carried out through a branch in Greece.

OPAP International Limited

Report of the Board of Directors (continued)

Independent Auditors

13 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Constantinos Louropoulos
President

Nicosia,
18 April 2013

Independent auditor's report

To the Members of OPAP International Limited

Report on the financial statements

We have audited the accompanying financial statements of OPAP International Limited (the "Company"), which comprise the balance sheet as at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of OPAP International Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Loizos A. Markides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 18 April 2013

OPAP International Limited

Statement of comprehensive income for the year ended 31 December 2012

	Note	**2012** €	2011 €
Revenue	5	**3.095.684**	3.303.518
Administrative expenses		**(2.992.217)**	(3.130.001)
Other income	6	**23.399**	6.960
Other losses - net	7	**(118.207)**	(8.587.000)
Operating profit/(loss)		**8.659**	(8.406.523)
Finance costs	10	**(42.422)**	(126.424)
Loss before income tax		**(33.763)**	(8.532.947)
Income tax expense	11	**(61.655)**	(95.211)
Loss for the year		**(95.418)**	(8.628.158)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(95.418)**	(8.628.158)

The notes on pages 11 to 28 are an integral part of these financial statements.

OPAP International Limited

Balance sheet
at 31 December 2012

	Note	2012 €	2011 €
Assets			
Non-current assets			
Investments in associates	14	**1.054.793**	1.173.000
Deferred income tax assets	19	**7.974**	-
		1.062.767	1.173.000
Current assets			
Trade and other receivables	15	**439.545**	483.127
Cash and cash equivalents	16	**765.789**	178.201
		1.205.334	661.328
Total assets		**2.268.101**	1.834.328
Equity and liabilities			
Capital and reserves			
Share capital	17	**11.457.000**	5.130.000
Accumulated losses		**(9.589.642)**	(9.494.224)
Total equity		**1.867.358**	(4.364.224)
Non-current liabilities			
Borrowings	18	**-**	5.866.424
Current liabilities			
Trade and other payables	21	**295.848**	258.358
Current income tax liabilities		**65.023**	73.770
Provision for staff compensation	19	**39.872**	-
		400.743	332.128
Total liabilities		**400.743**	6.198.552
Total equity and liabilities		**2.268.101**	1.834.328

On 18 April 2013 the Board of Directors of OPAP International Limited authorised these financial statements for issue.

Constantinos Louropoulos , President

Venetsanos Rogkakos, Director

The notes on pages 11 to 28 are an integral part of these financial statements.

OPAP International Limited

Statement of changes in equity for the year ended 31 December 2012

	Note	Share capital €	Accumulated losses[1] €	Total €
Balance at 1 January 2011		5.130.000	(866.066)	4.263.934
Comprehensive income				
Loss for the year		-	(8.628.158)	(8.628.158)
Balance at 31 December 2011		5.130.000	(9.494.224)	(4.364.224)
Balance at 1 January 2012		5.130.000	(9.494.224)	(4.364.224)
Comprehensive income				
Loss for the year		-	(95.418)	(95.418)
Transactions with owners				
Issue of shares	17	6.327.000	-	6.327.000
Balance at 31 December 2012		11.457.000	(9.589.642)	1.867.358

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009, and to 20% in respect of profits of years of assessment 2010 and 2011. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 11 to 28 are an integral part of these financial statements.

OPAP International Limited

Statement of cash flows
for the year ended 31 December 2012

	Note	2012 €	2011 €
Cash flows from operating activities			
Loss before income tax		**(33.763)**	(8.532.947)
Adjustments for:			
Depreciation of property, plant and equipment		**-**	3.470
Impairment of investments in associates	14	**118.207**	8.587.000
Interest income	6	**(23.399)**	(6.707)
Interest expense	10	**42.422**	126.424
		103.467	177.240
Changes in working capital:			
Trade and other receivables		**43.582**	(151.235)
Trade and other payables		**37.490**	74.339
Provision for staff compensation		**39.872**	-
Cash generated from operations		**224.411**	100.344
Income tax paid		**(78.376)**	(53.251)
Net cash generated from operating activities		**146.035**	47.093
Cash flows from investing activities			
Purchases of property, plant and equipment		**-**	(3.470)
Interest received		**23.399**	6.707
Net cash from investing activities		**23.399**	3.237
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	17	**6.327.000**	-
Proceeds from loans from related parties	23(iv)	**(5.866.424)**	-
Interest paid		**(42.422)**	(49.766)
Net cash from/(used in) financing activities		**418.154**	(49.766)
Net increase in cash and cash equivalents		**587.588**	564
Cash and cash equivalents at beginning of year		**178.201**	177.637
Cash and cash equivalents at end of year	16	**765.789**	178.201

The notes on pages 11 to 28 are an integral part of these financial statements.

OPAP International Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 128-130 Limassol Street, 2015 Strovolos, Nicosia.

Principal activities

The principal activity of the Company is the provision of consultancy services wholly and exclusively regarding the operation of the game "Pame Stoixima". More specifically, the services relate to the co-operation for the operation of betting, the evaluation of the betting products, the configuration of the betting outcome, the risk assessment, the transfer of the know-how, trading and infocasting services. The objective of the Company is the acquisition of all investments and business activities of OPAP S.A outside Greece.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2012 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedge accounting.

Equity accounting is not applied, due to the fact that the Company is also a subsidiary of another company which prepares consolidated financial statements according to IFRS and according to IAS 28 "Investments in Accosiates", thus the Company is exempt from this obligation.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2012. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognised on the following bases:

(i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(ii) Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2 Summary of significant accounting policies (continued)

Employee benefits

The Company participates in unfunded defined benefit plan. The obligations arising from defined benefit plans are calculated separately for each plan by estimating the amount of future benefits that employees have become payable on the date of the financial statements. Future benefits are discounted to their present value, with adjustments for unrecognized actuarial gains / losses and the cost of past service.

These obligations are calculated on the basis of financial and actuarial assumptions that are made by an independent actuary using the Projected Unit Credit Method. The net cost for the period, which is calculated using the direct method is included in the results and consists of the present value of accrued benefits made during the year, the interest cost on the benefits obligation, prior service cost. Actuarial gains or losses are recognized directly in profit or loss. The prior service cost is recognized on a consistent basis over the average remaining service period of employees for which are expected to receive benefits.

In addition, the financial costs resulting from these benefit programmes are presented in the financial results.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

2 Summary of significant accounting policies (continued)

Associates (continued)

Investments in associates are measured at cost less impairment. Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IAS 39, 'Financial Instruments Recognition and Measurement'.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in profit or loss.

2 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturity of three months or less.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk relating to fair value interest rate risk and cash flow interest rate risk, credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as interest rate risk and credit risk are monitored as part of its daily management of the business.

- **Market risk**

  Cash flow and fair value interest rate risk

  As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

  The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

  Cash flow interest rate risk is not managed on a systematic basis.

- **Credit risk**

  Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to parent entity.

  The Company does not have formal policies and procedures for managing and monitoring credit risk.

- **Liquidity risk**

  The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

	Less than 1 year €	Over 5 years €
At 31 December 2011		
Borrowings	126.424	5.740.000
Trade and other payables	258.258	-
	384.682	5.740.000

	Less than 1 year €	Over 5 years €
At 31 December 2012		
Trade and other payables	**295.847**	-

Management does not have a formal policy for managing liquidity risk.

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2012 and 2011 consists of equity as shown on the face of the balance sheet.

(iii) Fair value estimation

The carrying value of trade receivables and payables are assumed to approximate their fair values.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

- **Impairment of financial assets**

  The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 Revenue

	2012	2011
	€	€
Sales of services to the parent company (Note 21(i))	**3.095.684**	3.303.518

6 Other income

	2012	2011
	€	€
Interest income:		
Bank balances	**23.399**	6.707
Other income	**-**	253
	23.399	6.960

7 Other losses - net

	2012	2011
	€	€
Investments in associates:		
Impairment charge (Note 14)	**(118.207)**	(8.587.000)

8 Expenses by nature

	2012	2011
	€	€
Repairs and maintenance	**163**	284
Operating lease payments	**53.020**	70.530
Insurance	**11.758**	-
Auditors' remuneration	**8.017**	8.931
Staff costs (Note 9)	**2.169.496**	1.914.374
Transportation expenses	**17.482**	16.033
Other expenses	**55.285**	30.756
Professional fees	**667.210**	1.079.433
Legal fees	**9.786**	9.660
Total administrative expenses	**2.992.217**	3.130.001

The expenses presented above do not include fees for tax advice or other assurance services that are charged from the statutory audit firm of the Company.

9 Staff costs

	2012	2011
	€	€
Wages and salaries	**1.723.461**	1.551.188
Social insurance costs and other funds	**410.708**	363.186
Provision for staff compensation (Note 19)	**35.327**	-
	2.169.496	1.914.374

10 Finance costs

	2012	2011
	€	€
Interest expense:		
Loans from related parties (Note 23(iv))	**37.877**	126.424
Interest on actuarial valuation	**4.545**	-
Total interest expense	**42.422**	126.424

11 Income tax expense

	2012 €	2011 €
Current tax:		
Corporation tax-from abroad	**65.023**	73.770
Defence contribution	**1.467**	306
Under provision of prior years' taxes:		
Corporation tax-from abroad	**3.139**	21.135
Total current tax	**69.629**	95.211
Deferred tax (Note 19):		
Origination and reversal of temporary differences	**(7.974)**	-
Total deferred tax	**(7.974)**	-
Income tax expense	**61.655**	95.211

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2012 €	2011 €
Loss before tax	**(33.763)**	(8.532.947)
Tax calculated at the applicable corporation tax rate of 10%	**(3.376)**	(853.295)
Tax effect of expenses not deductible for tax purposes	**15.608**	871.342
Tax effect of allowances and income not subject to tax	**(27.504)**	(29.708)
Special contribution for defence	**1.467**	306
Transfer of losses	**15.272**	11.661
Prior years' tax-Corporation tax-from abroad	**3.139**	21.135
Corporation tax-from abroad	**65.023**	73.770
Deferred tax	**(7.974)**	-
Income tax charge	**61.655**	95.211

The Company is subject to income tax on taxable profits at the rate of 10%. The branch in Greece is subject to corporation tax on taxable profits at the rate of 20%.

As from tax year 2012 brought forward losses of only five years may be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 to 31 December 2013. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

12 Financial instruments by category

	Loans and receivables €	Total €
31 December 2011		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	459.608	459.608
Cash and cash equivalents	178.201	178.201
Total	637.809	637.809

	Other financial liabilities €	Total €
31 December 2011		
Liabilities as per balance sheet		
Borrowings	5.866.424	5.866.424
Trade and other payables (excluding statutory liabilities)	185.049	185.049
Total	6.051.473	6.051.473

	Loans and receivables €	Total €
31 December 2012		
Assets as per balance sheet		
Trade and other receivables (excluding prepayments)	404.537	404.537
Cash and cash equivalents	765.789	765.789
Total	1.170.326	1.170.326

	Other financial liabilities €	Total €
31 December 2012		
Liabilities as per balance sheet		
Trade and other payables (excluding statutory liabilities)	225.086	225.086

13 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2012 €	2011 €
Counterparties without external credit rating		
Group 1	**404.537**	459.608

	2012 €	2011 €
Cash at bank and short-term bank deposits[(1)]		
Caa2	**381.007**	24.673
Without rating	**382.905**	153.297
	763.912	177.970

[(1)] The rest of the balance sheet item ‘cash and cash equivalents’ is cash in hand.

13 Credit quality of financial assets (continued)

Group 1 - companies within the group, common control companies and associates with no defaults in the past.

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due or impaired.

14 Investments in associates

	2012	2011
	€	€
At beginning of year	**1.173.000**	9.760.000
Impairment charge	**(118.207)**	(8.587.000)
At end of year	**1.054.793**	1.173.000

The Company's share of the results of its associates, all of which are unlisted, are as follows:

Name	**Country of incorporation**	**% interest held**
2011		
Neurosoft Software Production S.A	Greece	25,42
2012		
Neurosoft Software Production S.A	Greece	25,42

The principal activity of Neurosoft Software Production S.A. is that of software production company.

15 Trade and other receivables

	2012	2011
	€	€
Receivables from parent entity (Note 23(iii))	**404.537**	459.608
Prepayments	**35.008**	23.519
	439.545	483.127

The fair values of trade and other receivables approximate their carrying amounts.

As of 31 December 2012, trade receivables of €404.537 (2011: €459.608) were fully performing.

16 Cash and cash equivalents

	2012 €	2011 €
Cash at bank and in hand	**465.789**	78.201
Short-term bank deposits	**300.000**	100.000
	765.789	178.201

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2012 €	2011 €
Cash and cash equivalents	**765.789**	178.201

Cash and cash equivalents are denominated in the following currencies:

	2012 €	2011 €
Euro - functional and presentation currency	**765.789**	178.201

17 Share capital

	2012		2011	
	Number of shares	€	Number of shares	€
Authorised				
Shares of €1,71 each	**6 700 000**	**11.457.000**	3 000 000	5.130.000
Issued and fully paid				
Shares of €1,71 each	**6 700 000**	**11.457.000**	3 000 000	5.130.000

During the year the Company issued 3.700.000 shares of 1,71 euro each, with total value of € 6.327.000. The issue was made in order to achieve the better management of the Company's liabilities and the repayment of the loan to OPAP (Cyprus) Limited.

18 Borrowings

	2012 €	2011 €
Non-current		
Borrowings from related parties (Note 23(iv))	**-**	5.866.424
Maturity of non-current borrowings (excluding finance lease liabilities)		
Between 2 and 5 years	**-**	5.866.424

Borrowings from related parties bears interest at Euribor plus 0.5%. For better management of the company's obligations and in order to avoid a deficit in equity, the company has proceeded to the repayment of the loan to OPAP Cyprus during the year.

The carrying amounts of borrowings approximate their fair value.

18 Borrowings (continued)

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2012	2011
	€	€
Euro - functional and presentation currency	**-**	5.866.424

19 Deferred income tax liabilities

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2012	2011
	€	€
Deferred income tax assets:		
- Deferred tax assets to be recovered within twelve months	**7.974**	-
Deferred income tax (assets)/liabilities - net	**(7.974)**	-

The gross movement on the deferred income tax account is as follows:

	2012	2011
	€	€
At beginning of year	**-**	-
Charge included in profit or loss (Note 11)	**(7.974)**	-
At end of year	**(7.974)**	-

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Staff compensation
	€
At 1 January 2012	-
Charged/(credited) to:	
Profit or loss (Note 11)	(7.974)
At 31 December 2012	(7.974)

20 Provision for staff compensation

Under Greek Labour Law, employees and workers are entitled to compensation in case of dismissal or retirement with a payment amount calculated based on the rate of the employee or the worker, the length of service and the way of termination of the employment relationship (dismissal or retirement). Employees or workers who resign or are dismissed with cause are not entitled to compensation. The compensation payable in case of retirement is equal to 40% of the amount that would be payable to a dismissal without cause. In Greece according to the local practice, these programmes are not funded. The Company charges for benefits earned in each period with a corresponding increase in the pension liability. Benefit payments are charged against this liability.

The movement of the provision for the defined benefit plan is as follows:

	2012
	€
Present value of unfunded liabilities	**39.872**
	39.872
Components of net periodic pension cost	
Service cost and past service cost (Note 9)	**24.167**
Finance cost (Note 10)	**4.545**
Recognition of actuarial loss in profit or loss (Note 9)	**11.160**
Total charge / (credit) in the statement of comprehensive income	**39.872**
Changes in net liability recognized in the balance sheet	
Total expense recognized in the statement of comprehensive income	**39.872**
Total charge to income	**39.872**

Basic assumptions of actuarial valuation

	2012
Discount rate -%	**5,70**
Future salary increases -%	**4,00**
Expected remaining working life -%	**30,14**
Inflation -%	**2,50**

21 Trade and other payables

	2012	2011
	€	€
Trade payables	**36.197**	18.087
Accrued expenses	**188.889**	166.962
Value Added Tax	**70.762**	73.309
	295.848	258.358

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

22 Commitments

(i) Operating lease commitments – where the Company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012 **€**	2011 €
No later than 1 year	**39.397**	39.397

23 Related party transactions

The Company is controlled by OPAP S.A., which is registered in Greece and owns 100% of the share capital of the Company. The shares of OPAP S.A. are listed in Athens Stock Exchange.

The following transactions were carried out with related parties:

(i) Sales of services

	2012 **€**	2011 €
Sales of services:		
OPAP S.A (parent company)	**3.095.684**	3.303.518

Sales to the associated undertakings were made on commercial terms and conditions.

(ii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2012 **€**	2011 €
Emoluments in their executive capacity	**86.400**	86.400

(iii) Year-end balances arising from sales services

	2012 **€**	2011 €
Receivables from parent company (Note 15):		
OPAP S.A.	**404.537**	459.608

The shareholders' current accounts are interest free and have no specified repayment date.

The above balances relate to trading transactions.

23 Related party transactions (continued)

(iv) Borrowings from related parties

	2012	2011
	€	€
Borrowings from related party:		
At beginning of year	**5.866.424**	5.789.766
Borrowings repaid during year	**(5.904.301)**	(49.766)
Interest charged (Note 10)	**37.877**	126.424
At end of year (Note 18)	**-**	5.866.424

The loan which was provided by OPAP (Cyprus) Limited, a company under common control, carried interest at Euribor plus 0,5%. For better management of the company's obligations and in order to avoid a deficit in equity, the company has proceeded to the repayment of the loan to OPAP (Cyprus) during the year.

24 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 5 to 6.

OPAP International Limited

Additional information to the statement of comprehensive income

Analysis of expenses
for the year ended 31 December 2012

	2012	2011
	€	€
Administrative expenses		
Directors' remuneration	**86.400**	86.400
Salaries and related costs	**2.083.096**	1.827.974
Subscriptions and donations	**150**	-
Auditors' remuneration	**8.017**	8.931
Legal fees	**9.786**	9.660
Professional fees	**667.210**	1.079.433
Legalisation of documents	**730**	560
Operating lease rentals	**53.020**	70.530
Repairs and maintenance	**163**	284
Printing and stationery	**1.229**	503
Postages and courier	**7.131**	997
Insurance	**11.758**	-
Travelling abroad expenses	**17.482**	16.033
Taxes and licences	**-**	1.985
Tax penalties	**185**	1.088
Bank charges	**3.000**	4.330
Sundry expenses	**39.057**	19.991
Entertainment expenses	**3.803**	1.302
	2.992.217	3.130.001